

broker or barter exchange and on or before March 31 of the following calendar year.

[T.D. 7873, 48 FR 10304, Mar. 11, 1983, as amended by T.D. 7932, 48 FR 57485, Dec. 30, 1983; 49 FR 2469, Jan. 20, 1984; T.D. 7960, 49 FR 22283, May 29, 1984; T.D. 8445, 57 FR 53032, Nov. 6, 1992; T.D. 8452, 57 FR 58984, Dec. 14, 1992; T.D. 8683, 61 FR 53060, Oct. 10, 1996; T.D. 8734, 62 FR 53476, Oct. 14, 1997; T.D. 8445, 63 FR 12410, Mar. 13, 1998; T.D. 8770, 63 FR 35519, June 30, 1998; T.D. 8804, 63 FR 72186, 72188, Dec. 31, 1998; T.D. 8856, 64 FR 73411, 73412, Dec. 30, 1999; T.D. 8881, 65 FR 32206, 32212, May 22, 2000; T.D. 8895, 65 FR 50407, Aug. 18, 2000; 66 FR 18189, Apr. 6, 2001]

**§ 1.6045-1T Returns of information of brokers and barter exchanges (temporary).**

(a)-(k) [Reserved]

For further guidance, see § 1.6045-1 (a) through (k).

(1) *Use of magnetic media.* For information returns filed after December 31, 1996, see § 301.6011-2T of this chapter for rules relating to filing information returns on magnetic media and for rules relating to waivers granted for undue hardship. For information returns filed prior to January 1, 1997, see § 1.6045-1(l)

[T.D. 8683, 61 FR 53060, Oct. 10, 1996]

**§ 1.6045-2 Furnishing statement required with respect to certain substitute payments.**

(a) *Requirement of furnishing statements—(1) In general.* Any broker (as defined in paragraph (a)(4)(ii) of this section) that transfers securities (as defined in § 1.6045-1(a)(3)) of a customer (as defined in paragraph (a)(4)(iii) of this section) for use in a short sale and receives on behalf of the customer a substitute payment (as defined in paragraph (a)(4)(i)) shall, except as otherwise provided, furnish a statement to the customer identifying such payment as being a substitute payment.

(2) *Special rule for transfers for broker's own use.* Any broker that borrows securities of a customer for use in a short sale entered into for the broker's own account shall be deemed to have transferred the stock to itself and received on behalf of the customer any substitute payment made with respect to the transferred securities, and shall be required to furnish a statement with respect to such payments in accord-

ance with paragraph (a)(1) of this section.

(3) *Special rule for furnishing statements to individual customers with respect to payments in lieu of dividends—(i) In general.* Except as otherwise provided, a broker that receives a substitute payment in lieu of a dividend on behalf of a customer who is an individual ("individual customer") need not furnish a statement to the customer.

(ii) *Exception for certain dividends.* Any broker that receives on behalf of an individual customer a substitute payment in lieu of—

(A) An exempt-interest dividend (as defined in paragraph (a)(4)(vii) of this section);

(B) A capital gain dividend (as defined in paragraph (a)(4)(vi) of this section);

(C) A distribution treated as a return of capital under section 301(c)(2) or (c)(3); or

(D) An FTC dividend (as defined in paragraph (a)(4)(viii) of this section) shall furnish a statement to the individual customer identifying the payment as being a substitute payment as prescribed by this section, provided that the broker has reason to know not later than the record date of the dividend payment that the payment is a substitute payment in lieu of an exempt-interest dividend, a capital gain dividend, a distribution treated as a return of capital, or an FTC dividend.

(4) *Meaning of terms.* The following definitions apply for purposes of this section.

(i) The term *substitute payment* means a payment in lieu of—

(A) Tax-exempt interest, to the extent that interest has accrued on the obligation for the period during which the short sale is open;

(B) A dividend, the ex-dividend date for which occurs during the period after the transfer of stock for use in a short sale, and prior to the closing of the short sale; or

(C) Any other item specified in a rule-related notice published in the FEDERAL REGISTER (provided that such items shall be subject to the rules of this section only subsequent to the time of such publication).